

Remarks

The Office Action mailed April 9, 2004 has been carefully reviewed and the foregoing amendment has been made in consequence thereof.

Claims 1-30 are pending in this application. Claims 1-10 stand rejected. Claims 11-30 have been allowed.

The rejection of Claims 1-10 under 35 U.S.C. § 101 as being directed to non-statutory subject matter is respectfully traversed.

The Office Action suggests at page 2 that “Claims 1-10 do not recite any structure or functionality to suggest that a computer performs the recited claims...Thus, Claims 1-10 are rejected as being directed to non-statutory subject matter.” Applicants respectfully traverse this suggestion. However, Applicants have amended Claim 1 to address the rejection set forth in the Office Action.

More specifically, Applicants submit that the claims of the present patent application are directed to practical applications in the technological arts. “Any sequence of operational steps can constitute a process within the meaning of the Patent Act so long as it is part of the technological arts.” *In re Musgrave*, 431 F.2d 882 (C.C.P.A. 1970). For example, independent Claim 1 is a computer-implemented method directed to determining a bid price for at least one tranche of a portfolio of financial instruments. Applicants submit that determining a bid price for at least one tranche of a portfolio of financial instruments is a useful process that is considered to be within “the technological arts”.

One specific example of such a method implementation is a computer with a processor programmed to divide the portfolio into separately marketable sub-portfolios or tranches, assign each tranche a trial bid price, combine the tranches with historical asset performance data of at least one of a buying or selling party, other market and underwriting, and perform at least one of a NPV, an IRR and a time to profit analysis on the tranches. While the claims are not limited to

the specific examples related to a computer with a programmed processor, the claims need not be so restricted to satisfy the requirement of Section 101.

Applicants further traverse the assertion included in the Office Action that Claims 1-10 are directed to non-statutory subject matter under Section 101 in light of the “Examination Guidelines for Computer-Related Inventions”.

The Examination Guidelines for Computer-Related Inventions provides in relevant part as follows:

In order to determine whether the claim is limited to a practical application of an abstract idea, Office personnel must analyze the claim as a whole, in light of the specification, to understand what subject matter is being manipulated and how it is being manipulated. During this procedure, Office personnel must evaluate any statements of intended use or field of use, any data gathering step and any post-manipulation activity....Only when the claim is devoid of any limitation to a practical application in the technological arts should it be rejected under § 101. Further, when such a rejection is made, Office personnel must expressly state how the language of the claims has been interpreted to support the rejection.

Applicants respectfully submit that Claim 1 is limited to a practical application in the technological arts. Furthermore, Applicants respectfully submit that the Office Action does not expressly state how the language of Claim 1 supports the Section 101 rejection.

Claim 1 has been amended. Claim 1 recites a “computer-implemented method for determining a bid price for at least one tranche of a portfolio of financial instruments”. Thus, Applicants submit that Claim 1 is directed to a useful process that is considered to be within “the technological arts”. Furthermore, Claim 1 recites a “computer-implemented method for determining a bid price for at least one tranche of a portfolio of financial instruments using a computer coupled to a database, the computer configured to calculate for the at least one tranche at least one of an internal rate of return (IRR), a net present value (NPV) and a time to profit probability”. The method includes “utilizing the computer to perform at least one of a NPV, an IRR and a time to profit analysis on the tranches.” Thus, Claim 1 uses a computer system to perform certain steps of the process. Claim 1 is therefore directed to a practical application in the technological arts.

Dependent Claims 2-10 depend from independent Claim 1, and these dependent Claims are submitted to satisfy the requirements of Section 101 for the same reasons set forth above with respect to independent Claim 1.

For at least the reasons set forth above, Applicants respectfully request that the Section 101 rejection of Claims 1-10 be withdrawn.


Claims 11-30 have been allowed.

Claim 20, however, has been amended to recite a “server is configured to select tranches having a negative net present value (NPV) or a certain time to profit that is greater than a defined threshold.” Claim 20 depends from independent Claim 11, which has been allowed. Accordingly, Claim 20 remains allowable.

Claim 30 has also been amended to recite a computer “programmed to select tranches having a negative net present value (NPV) or a certain time to profit that is greater than a defined threshold.” Claim 30 depends from independent Claim 21, which has been allowed. Accordingly, Claim 30 remains allowable.

In view of the foregoing amendments and remarks, all the claims now active in this application are believed to be in condition for allowance. Reconsideration and favorable action is respectfully solicited.

Respectfully Submitted,



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